



DEFENSE LOGISTICS AGENCY
THE DEFENSE CONTRACT MANAGEMENT COMMAND
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IN REPLY
REFER TO

AQOF

OCT 29 1996

**MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT
DISTRICTS**

**SUBJECT: DCMC Memorandum No. 96-65, DoD Inspector General (IG) Audit of the DLA
Value Engineering (VE) Program, Report No. 97-003 of October 9, 1996 (INFORMATION)**

This is an INFORMATION Memorandum. It expires on October 29, 1997 unless sooner superseded or rescinded. Target Audience: Contract Administration Offices, Value Engineering Monitors.

The DoD IG recently studied DLA's VE program. The subject report was issued October 9, 1996. With respect to DCMC, the IG concluded that we did not consistently encourage contractors to participate in VE, screen contracts for VE clauses, or track contractor VE efforts in accordance with our internal procedures (DLAM 5000.4, Part VI, Chapter 13, Value Engineering).

I want to take the opportunity to reemphasize the importance of VE and the need to adhere to DLAM 5000.4. Specific requirements that need emphasis are:

- a. Screening contracts for required VE clauses, and notifying contracting officers when contracts are received without required clauses by use of a DD Form 1716, Contract Data Package Recommendations/Deficiency Report.
- b. Encouraging contractors to participate in the DoD VE Program by ensuring they understand the VE incentives.
- c. Reporting and monitoring the results of VE efforts and effectively coordinating with Military Departments and Defense agency contracting officers and program managers to ensure the savings through VE are achieved whenever possible. The Value Engineering Change Proposal shall be entered in the Automated Configuration Tracking System for tracking purposes.

If you have any questions, contact Mr. Aristides Maldonado at (703) 767-3355.

JILL E. PETTIBONE
Executive Director
Contract Management Policy